

## BERKSHIRE PENSION FUND PANEL

MONDAY, 23 SEPTEMBER 2019

**PRESENT:** Councillors David Hilton (Vice-Chairman), Julian Sharpe (Chairman), John Story and Simon Bond

**Advisory Members:** Councillors Ian Leake (Bracknell Forest BC), Balvinder Bains (Slough BC), Jo Lovelock (Reading BC), John Kaiser (Wokingham BC)

**Officers:** Philip Boyton, Shilpa Manek and Kevin Taylor. Local Pension Partnership (LPP) representatives Chris Rule, Richard Tomlinson and Matthew Course. Andrew Harrison, Law Debenture. Investment Group Rohan Worrall and Aoifinn Devitt. Kieron Finlay, University of West London.

### APOLOGIES

Apologies for absence were received from Councillor Da Costa, Councillor Law and Mark Butcher.

### DECLARATIONS OF INTEREST

There were no declarations of interest received.

### MINUTES

**RESOLVED Unanimously: The Part I minutes of the meeting held on 11 March 2019 were approved as a true and correct record.**

### TERMS OF REFERENCE

Kevin Taylor, Deputy Pension Fund Manager, went through the Terms of Reference for all the new Members of the Panel. Kevin Taylor informed the Panel that they were the main decision making body for the Berkshire Pension Fund. There was also an Advisory Panel and a Berkshire Pension Fund Panel Sub Committee (Investment Group). The Panel agreed that since this was the first meeting of the municipal year and all but two of the members were new, this was a good time to review and amend the Terms of Reference as this had not been done since pre-pooling of the investments.

**The Panel agreed Unanimously that Kevin Taylor would review and amend the Terms of Reference and agree them with the Chairman before they were on the next Agenda.**

**ACTION: Kevin Taylor to review and amend the Terms of Reference, clear with Chairman and have ready for next meeting.**

**ACTION: Clerk to place on next Agenda.**

The Chairman requested that Kevin Taylor explain the governance structure to the Panel. Kevin Taylor informed the Panel that RBWM was the administering authority for the Royal County of Berkshire Pension Fund, which was one of eighty eight in England and Wales. It consisted of five elected members from RBWM that had the powers to take decisions with respect to the pension fund activity on behalf of the Berkshire Pension Fund.

Kevin Taylor informed the Panel that there was also a Berkshire Pension Fund Advisory Panel that consisted of the five RBWM Elected Panel Members, one Elected Member from each of Reading Borough Council, Slough Borough Council, West Berkshire Council,

Bracknell Forest Council and Wokingham Borough Council, two trade union employee representatives, three representatives from employer bodies within the Fund; one member drawn from the active membership and one member drawn from the deferred/pensioner membership.

Kevin Taylor informed the Panel that there was also a Berkshire Pension Fund Panel Sub Committee (Investment Group). This consisted of the Chairman and/or Vice Chairman of the Berkshire Pension Fund Panel, one other member of the Berkshire Pension Fund and Pension Fund Advisory Panels and two independent advisers.

#### PENSION FUND PANELS WORK-PLAN

Kevin Taylor informed the Panel that a work plan had been attached at Appendix A for new members to agree. A similar plan had been presented and agreed to Members in July 2018. The work plan was for a twelve months rolling review period. Kevin Taylor informed the Panel that all changes would be clearly shown when they were made. The table at Appendix A showed the minimum that had to come before the Panel but there would be additional reports.

**Resolved unanimously: the Panel noted and agreed the work plan at Appendix A.**

#### APPROVAL OF ANNUAL REPORT AND ACCOUNTS 2018/19

Kevin Taylor informed the Panel that the attached Annual Report and Accounts was only the draft version. The aim was that the final report would be published by 1<sup>st</sup> December 2019. Kevin Taylor was today looking for general approval from the Panel. Kevin Taylor would circulate changes for the final version to be published before the 1<sup>st</sup> December 2019. The changes would be very minor. Kevin Taylor highlighted one change would be on page 65 of the report, the figure of £63,527 would change. This was a result of the change in longevity factors. However, this was not the reason for signing the accounts off late. The main reason was that the audit committee had sharpened their housekeeping and auditing.

**ACTION: Councillor Hilton to establish when the accounts would be signed off, sending projected timescales to the Panel.**

Kevin Taylor informed the Panel that all authorities were in the same position.

**Resolved Unanimously: Panel substantively agreed the Annual Report and Accounts but requested that all changes be sent to Panel before signing them off.**

#### INTERNAL AUDIT REPORT – PENSIONS AND PAYROLL AND ADMINISTRATION

Kevin Taylor informed the Panel that at a recent internal audit, no extreme or major concerns had been identified. All moderate concerns identified at the draft report stage had been resolved prior to the final report being issued resulting in the audit opinion be assessed at the highest category, Complete and Effective.

Philip Boyton, Pension Administration Manager, informed the Panel that the Pension Fund had now moved to an automated secure data interface system called iConnect that operates between an employer's payroll system and the Pension Fund's pension administration software. To date, 275 employers were already using the new system. A phased approach had been adopted meaning that by March 2021 all employers will be using iConnect.

Using iConnect resulted in clean and efficient data, a more accurate employer contribution rates going forward. In addition, the required triennial valuation data extracts had been submitted the Pension Fund's Actuary by 30 June 2019, way ahead of the deadline of 31 August 2019.

Philip Boyton informed the Panel that as iConnect updated member records monthly data was available in real time resulting in a better experience for scheme members using the Member Self-Service facility.

**Resolved Unanimously: The Panel noted the report.**

## RISK MANAGEMENT POLICY AND RISK ASSESSMENT REGISTER

Kevin Taylor informed the Panel that the Risk Management Policy and Risk Assessment Register should be seen regularly, at each Meeting, by the Panel.

Kevin Taylor suggested that the key sections of the report be on every Agenda and then the whole report once a year.

It was suggested that the Panel were informed about what was getting better and worse at each meeting since the risk register was a living document and was changing all the time.

Kevin Taylor informed the Panel that there were two parts to managing risk, the risk policy which was agreed in November 2018 and the risk assessment register. Kevin Taylor requested that the Panel agree the risk policy as there had been no changes to that, then it could be reissued.

The Chairman highlighted that IT Security was not on the risk register and needed to be. The Panel agreed.

**ACTION: Kevin Taylor to add IT Security to the Risk Register.**

**ACTION: Bring revision to next meeting.**

The risk assessment register had highlighted four medium risks as below:

- PEN 004 – All employers to using iConnect by March 2021.
- PEN 011 – Loss of key staff.
- PEN 017 – Funding level below 100%.
- PEN 025 – Inability of scheme employer to meet their obligation

**Resolved Unanimously: The panel noted and agreed all recommendations.**

## ADMINISTRATION REPORT

Philip Boyton informed the Panel that this was a standing item on the agenda.

During Quarter 1, April to 30 June, membership numbers as a whole were steadily increasing, however the active membership was decreasing as members were transferred to third party service providers on a closed scheme basis.. It was explained that whilst scheme members retained a right to be a member of the LGPS through an admission agreement following the TUPE transfer of their employment to a private company those agreements generally did not permit new employees to join the scheme.

Philip Boyton reported that all six unitary authorities had adopted iConnect. There were four KPI's that were reported to Panel. It was noted that these targets were being met.

The Panel asked if the targets being reported were in line with National recorded targets. Officers explained that the KPIs as currently set out had not been amended for many years and that they would investigate further targets issued by CIPFA and adopt these where possible.

**ACTION: Officers to investigate performance targets issued by CIPFA and adopt these as part of future reporting once a full quarter can be included as part of an administration report.**

**Resolved Unanimously: The Panel noted the report.**

LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF THE PRESS AND PUBLIC

The meeting, which began at 5.00 pm, finished at 6.50 pm

CHAIRMAN.....

DATE.....